ITEM: 08/187
Doc: 8

MEETING:	Trust Board 17th December 2008

TITLE:	Financial Position – Month 8 (November 2008)

SUMMARY:

1. In-month actual Income & Expenditure performance is a surplus of £101k. This is £101k better than planned, primarily due to a large reduction in the level of the credit note provision held and a review of creditor balances held. This benefit offset a lower level of income and higher non-pay costs during November.
2 CIP and related income targets in November were fully met.
3. Year to date surplus is £1,582k (overachievement of £413k against plan)
4. The cash position remains strong with a balance of £2.1m held at 30th November
5. The forecast has been revised in conjunction with operational management (as at Month 8), and now projects a £2,088k year-end surplus.
6. This performance indicates a year-to-date risk rating (using the Monitor methodology) of 3.

An executive summary is overleaf and financial performance is described in more detail in the following sheets & tables.

ACTION:	For information / discussion

REPORT FROM:	Richard Martin, Director of Finance

SPONSORED BY:	Richard Martin, Finance Director

Financial Validation Lead: Director of Finance	Richard Martin

Compliance with statute, directions, policy, guidance Lead: All directors	**Reference:** Best Practice – financial assurance standards; ALE; Accounting Standards; Monitor financial regime

Compliance with Healthcare Commission Core/Developmental Standards Lead: Director of Nursing & Clinical Development	**Reference:**

Compliance with Auditors' Local Evaluation standards (ALE) Lead: Director of Finance	**Reference:** ALE – Financial Management and Financial Reporting Domains

Compliance with requirements of FT application and monitoring regime Lead: Director of Strategy & Performance	**Reference:**

Executive Summary

1. Month 7 Income and Expenditure

1.1. The overall I&E position to 30th November 2008, is a surplus of £1,582k, which is £413k better than planned. This year-to-date position builds on the strong financial position reported last month – however, the in-month surplus for Month 8 was affected by a lower level of income in respect of Day cases, Elective and Non-elective work when compared to that experienced in October. These reductions were £205k, £74k and £192k respectively. Non-pay also contributed to a poor underlying monthly position with higher utilities, drugs and provision for a dispute with a contractor being made. Higher monthly costs and lower levels of income were offset by a review of credit note provisions and creditor balances. The value of the additional provisions released, which was over and above the sum planned was £453k.

1.2. The year-to-date position of £1,582k includes several non-recurrent items, which when removed show an underlying financial deficit. The current forecast remains at £2m as a number of non-recurrent items have contributed to the surplus to date with additional cost pressures being expected by the year-end.

1.3. Pay expenditure remains significantly above plan (£1.55m variance to date). The monthly overspend on pay has slowed again and was actually on target with a zero monthly variance overall.

1.4. Of concern is the underachievement against the vacancy factor target (£1,040k) and large overspend on medical staff (now £780k). Overall, non-pay expenditure was well above plan in November – this is composed of an overspend within directorates, particularly in clinical supplies and premises, and an underspend against central budgets, as in previous months.

2. Month 8 Balance Sheet and Cash

2.1. The cash balance reduced in November and is currently on target for November, with a closing cash balance for November of £2.1m, around £0.1m above the forecast position. Capital payments were lower than forecast by approximately £0.1m.

3. 2008/09 Forecast

3.1. The detailed bottom-up forecasting exercise that was undertaken at Month 7 has been repeated for Month 8, improving on the methodology. This indicates that the Trust is projecting a 'likely case' £2,088k surplus for 2008/09. Further details of this forecast are given in Section 14.

3.2. The five previously identified key risks / priorities remain:

- Achievement of CIP target (or ensuring additional activity income covers CIP shortfall e.g. for Reckitt and Eddington wards) – currently on target
- Achievement of DTC income target – currently below plan
- Maintenance of income levels sufficiently above SLA plan to cover other targets and cost pressures – currently on target
- Reduction of overspend on pay, including achievement of vacancy factor – overspend has slowed for the second month running
- Resolution of long-standing Whittington Facilities Ltd. (WFL) debt – dispute over £50k remaining

4. Recommendations

4.1. The Trust Board is asked to:

- **Note** the financial performance for the first eight months of 2008/09

- **Note** the revised year-end forecast of £2.1m
- **Note** the continued importance of the five key risks / priorities in achieving this planned £2m surplus

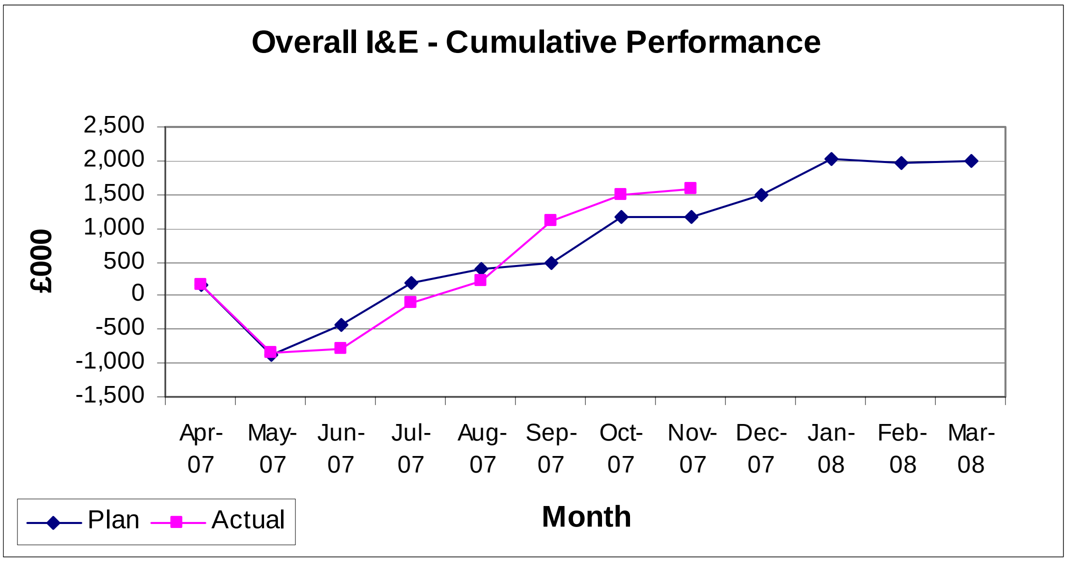
Month 8 Finance Report

5. Income and Expenditure Summary

5.1. Income and Expenditure is summarised in the table and chart below:

FIGURE 1 Description	Current Month Actual £'000	Current Month Budget £'000	Current Month Variance £'000	Year To Date Actual £'000	Year To Date Budget £'000	Year To Date Variance £'000	Annual Budget £'000
NHS Clinical Income	11,474	11,392	82	93,559	92,537	1,022	138,274
Non NHS Clinical Income	189	64	125	625	513	113	769
All Other Non Clinical Income	2,365	1,900	465	15,412	14,765	647	22,066
Total Income	**14,028**	**13,356**	**672**	**109,596**	**107,814**	**1,781**	**161,109**
Pay	9,327	9,326	(0)	73,923	72,375	(1,548)	108,243
Non Pay	3,891	3,287	(605)	28,629	28,301	(327)	41,894
Total Expenditure	**13,218**	**12,613**	**(605)**	**102,551**	**100,677**	**(1,875)**	**150,136**
EBITDA	**810**	**743**	**67**	**7,045**	**7,138**	**(93)**	**10,973**
Plus Interest Receivable	19	30	(11)	223	217	7	355
Less Interest Payable	0	0	0	1	0	(1)	50
Less Depreciation	410	455	45	3,141	3,641	501	5,462
Less PDC Dividend	318	318	0	2,544	2,544	0	3,816
Net Surplus / (Deficit)	**100**	**(1)**	**101**	**1,582**	**1,169**	**413**	**2,000**

FIGURE 2



5.2. EBITDA of £7,045k to date is reported, which is £93k worse than planned as this is calculated before the depreciation which is contributing to the overall I&E surplus of £1,582k, which is £413k better than planned.

5.3. The apparent strong financial performance to date is due to a number of non-recurrent factors:

- Additional Market Forces Factor payment from the Department of Health relating to 2007/08 - £50k higher than expected
- A favourable variance on depreciation (£501k total to Month 8), partially due to a change in indexation rules and partially due to a lower level of assets as a result of capital programme slippage
- The fact that the reported position now includes income relating to estimated over-performance for the reported month, using raw, un-coded activity data (see section 6 below)
- Recognition of the year-to-date proportion of a) £500k maternity funding and b) £400k waiting list funding from Islington PCT, with the assumption that these will remain unspent or expenditure is already accounted for within directorates
- Unanticipated payment of a number of 2007/08 outstanding debts of around £400k relating largely to SLA over-performance – over and above planned provision release
- Review of creditor balances held and released in November - £341k
- Reduce credit note provision following an assessment of outstanding claims - £362k, which is higher than the planned release of £250k on average per month.

5.4. Year-to-date performance, if adjusted to reflect all non-recurrent items including the above would be a significant underlying deficit. It is important to note, therefore, that the underlying recurrent financial position is not as strong as the actual position initially suggests.

6. Income Performance

6.1. NHS Clinical Income is reported based upon the latest coded activity data (October 2008), with November income performance accounted for as in Month 7, using un-coded activity where available to estimate the total chargeable activity that will be billed to PCTs. Where this is not available, income is reported as being equal to SLA plan.

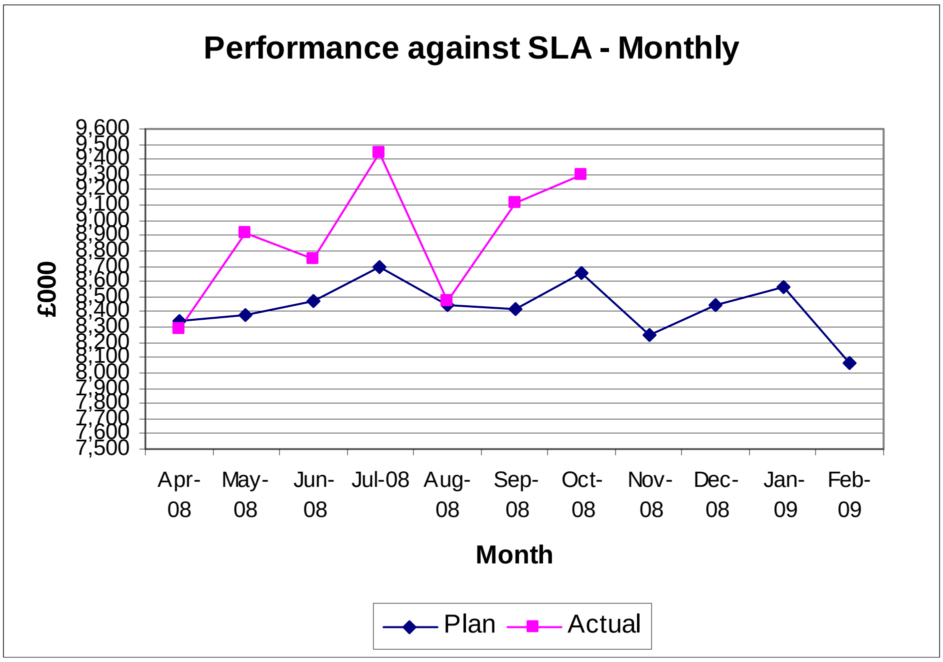
6.2. As in previous months, adjustments have been made to reduce income based on anticipated non-payment for certain items:

- Follow-up outpatient attendances above the PCT target. This will reduce income by an estimated £862k relating to the period from July-November. The Trust has written to PCTs asking for exemption from some targets, but attention must be given to the specialties that are above target to avoid a potential £2m reimbursement to PCTs at the end of the financial year
- Glucose tolerance test activity – currently incorrectly coded as outpatient activity, and likely to result in reimbursement to PCTs- £327k.

6.3. Performance against SLAs (including non-contract activity) was not as strong as October with November being £635k lower in total. Encouragingly, December is busier at this stage although should income continue at the November level then the achievement of the £2m surplus will become much harder. In-month over-performance (before non-SLA income targets) was £275k (now £2.9m to October). The year-to-date position is summarised below by patient type:

FIGURE 3	Activity			Finance £000s		
Patient Type	**Plan To M7**	**Actual To M7**	**Variance To M7**	**Plan To M7**	**Actual To M7**	**Variance To M7**
Block Contract/Emergency Threshold	0	0	0	10,262	10,262	0
Adult High Dependancy Beddays	1,469	1,560	91	1,148	1,219	71
Adult Intensive Care Beddays	1,857	2,087	230	3,526	3,963	437
Day Cases	8,349	9,600	1,251	5,126	5,901	776
Direct Access	359,740	401,035	41,295	3,998	4,257	259
ED Attendances	47,400	44,248	(3,152)	3,479	3,265	(215)
Elective Inpatients	2,004	1,676	(328)	3,779	3,520	(259)
Excess Beddays	7,521	7,408	(113)	1,241	1,151	(90)
NICU High Dependancy Beddays	730	638	(92)	704	616	(89)
NICU Intensive Care Beddays	516	484	(32)	697	653	(43)
NICU Special Care Beddays	4,134	3,860	(274)	1,650	1,547	(103)
Non-Elective Inpatients	13,584	14,139	555	11,665	11,846	181
Other Activity	8,449	12,814	4,365	332	543	211
Outpatient 1st Attends	31,510	35,718	4,208	5,463	6,222	759
Outpatient Follow Ups	69,781	81,075	11,294	5,846	6,658	811
Outpatient Procedures	2,272	3,063	791	483	639	156
Grand Total				**59,399**	**62,262**	**2,863**

FIGURE 4



6.4. Significant favourable in-month variances were almost exclusively in Out-patient attendances with follow up appointments showing a £130k variance although additional provision of £185k this month in respect of the follow up ratio has lessened the impact. As previously stated November levels are significantly lower than October and if the release of a credit note provision had not been made then the monthly income variance against plan would have been adverse

6.5. Day case performance against SLA is favourable due to additional DTC activity. The combined performance of day cases and elective inpatients – i.e. total elective activity - is now £517k above SLA plan. However, this is before meeting additional DTC income targets which at Month 7 totalled £1.2m. After factoring in the year-to-date ophthalmology income from the Royal Free (£320k of a total £700k now agreed for 2008/09) this brings total elective income to £363k below target.

7. Expenditure Performance

7.1. Pay expenditure remains significantly above plan in November, by £1.55m – and this represents no increase or decrease in the position to date which is an encouraging sign and is the second month running that the rate of expenditure has slowed. The reasons for the overspend to date remains as follows:

- Vacancy factor not fully met across the Trust – up to £762k to date
- Historical over-establishment in the early part of the year
- Higher expenditure on agency staff – £3.3m to the end of November compared to 2007/08 full year expenditure of £3.8m
- Higher than expected levels of activity

7.2. Spend on agency staff remains high at £3.3m to date. A substantial proportion of this relates to nursing pay, and there is significant overspend in medical staffing, A&C and other support staff.

7.3. Medical staffing continues to be overspent, by £780k to date. An overspend of £703k on locum medical staffing is contributing to this, which is not sufficiently offset by an underspend against permanent medical staff.

7.4. As noted above, non-pay expenditure is significantly above plan in Month 7, by £605k. Most of this in-month overspend is within the category of clinical supplies and services, and drugs in particular (£384k). Other factors are a £77k provision for a dispute with a contractor and a bad debt write off of £114k. The bad debt write off has a matching sum held in the bad debt provision and this was also released in November but is included under income. Some of this deterioration in performance from the early months of the year is due to increased levels of activity – however, this cannot explain the entirety of the variance, and there should be an emphasis within directorates to control non-pay expenditure in the remaining months of the year.

8. Cost Pressures and Central Budgets

8.1. Claims against central cost pressure budgets totalled £332k. Significant items included £45k to meet the European Working Time Directive, £117k to fund the Paediatric ED service development and £78k for medical on-call.

8.2. The 'Centrally Held Savings' budget line that has been shown in previous reports has been removed and transferred to pay or non-pay as suggested. It is worth noting at this point the way that central budgets are used in the financial management of the Trust:

- Some cost pressure budgets are held centrally and released as they are required. This is preferable to releasing to directorates at the start of the year as this would mask underlying budgetary performance
- Most central budgets are profiled equally in each month – if actual expenditure is expected to be incurred towards the end of the year, this is accrued to avoid an overstated financial position
- Some CIP targets are shown centrally where they cannot be devolved to directorates (e.g. reducing sickness absence) – these targets will never have any actual expenditure against them, as the achievement is within individual directorates

8.3. As a result of the monthly release of central budgets and changing forecasts of actual expenditure against cost pressure budgets, the in-month central budget figures may fluctuate from month to month – however, the year-to-date position will always accurately reflect the current financial position of the Trust.

9. Cost Improvement Programme (CIP)

9.1. Performance against the CIP is summarised in the charts below. The target to the end of November was £2.6m, against which £2.7m has been validated. In-month performance was on target, despite a challenging increase in November – although this was partly due to retrospective validation of previous months' achievement.

9.2. The total target for the year remains at £4.2m, with no forecast shortfall of recurrent CIP but with an additional non-recurrent CIP of £0.6m predicted (overachievement of £574k). The year-end forecast assumes the likely scenario that Reckitt will remain open and that Eddington will re-open, with additional income due to increased activity offsetting the CIP underachievement.

9.3. Developing the CIP for 2009/10 (a minimum target of a challenging £7.5m recurrent savings plus non-recurrent CIP of £0.5m) remains a priority, with Directors involved in forming detailed plans for achieving this target, managed by the Efficient Services Collaborative headed by Fiona Elliott, Director of Planning and Performance.

9.4. The target is high, partly due to the normal requirement for annual CIP of around £4m, but also due to additional investment in services and a number of cost pressures – some of which are being implemented in 2008/09 with significant full year effects in 2009/10. Examples include MRSA screening and cleaning, DTC facilities costs, a higher than expected pay award, midwifery-led birthing unit, maternity day unit, Paediatric ED, chemotherapy manufacturing unit and increased energy prices.

Figure 5

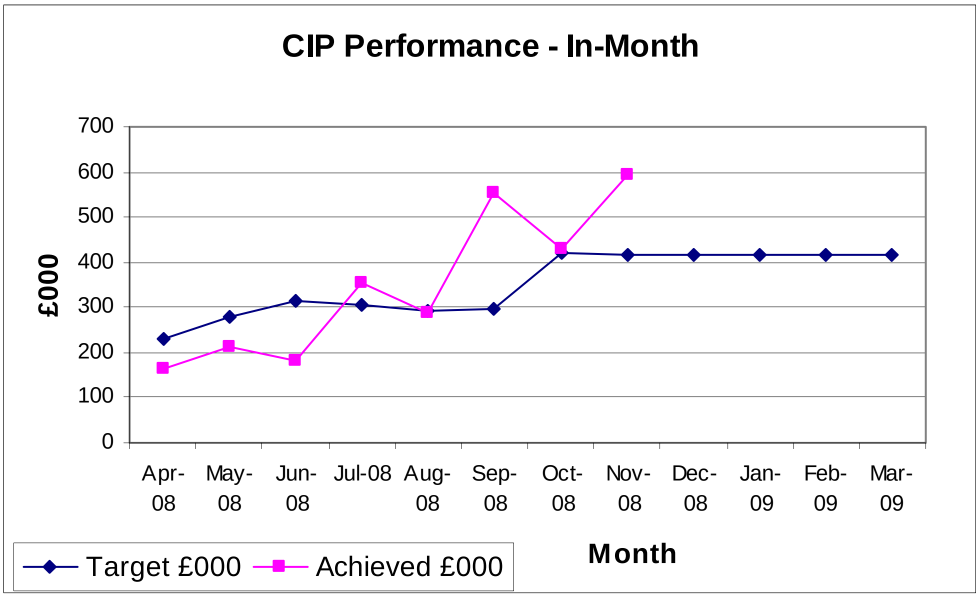
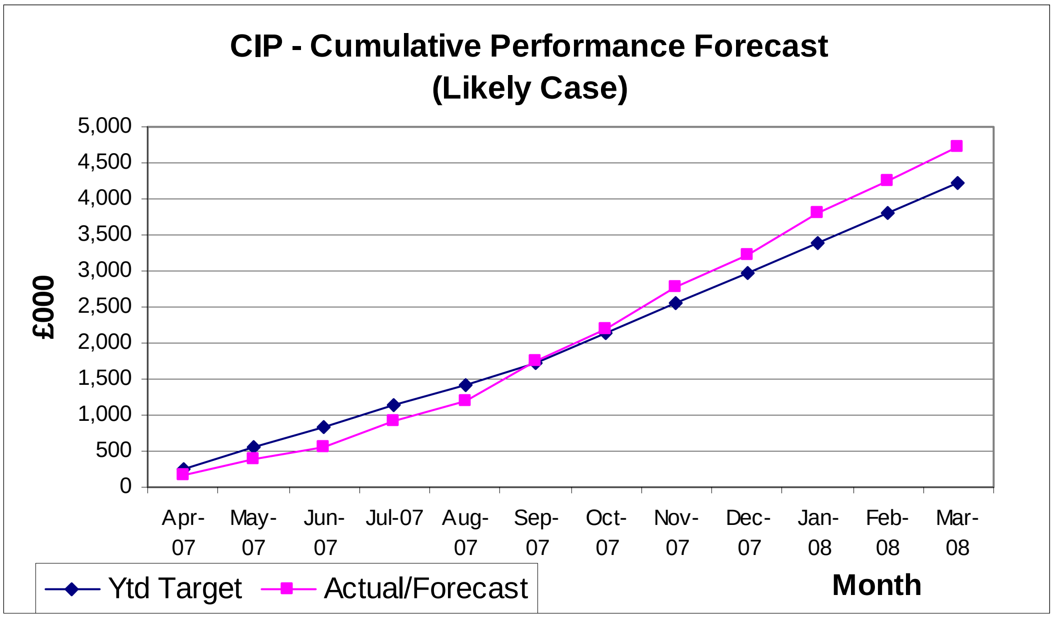


Figure 6

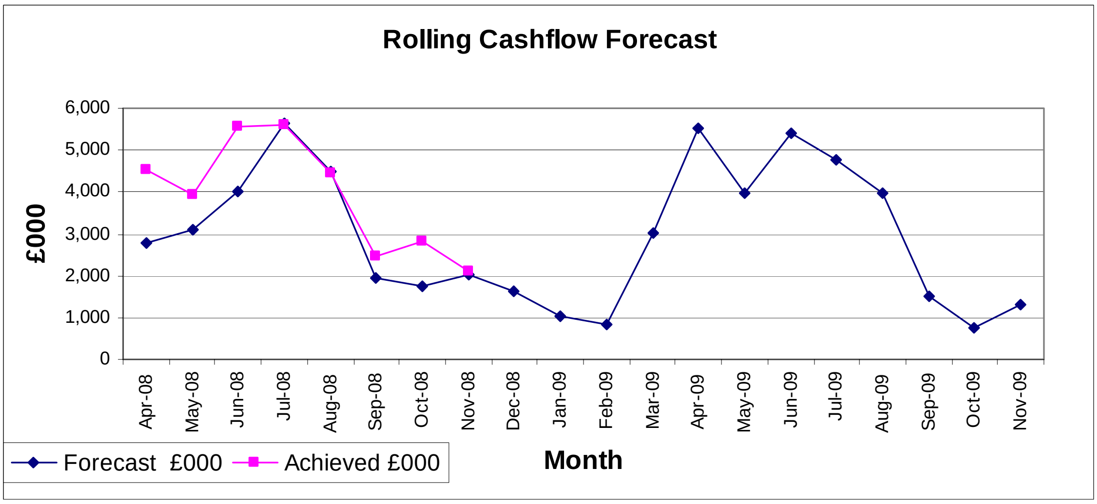


10. Cash

10.1. The cash balance at the end of November was £2.1m, around £0.1m higher than the previously published forecast. The higher than anticipated cash balance was due mainly to a lower level of capital payments.

10.2 The rolling twelve month cashflow forecast is shown below:

FIGURE 7



10.2. Where exact timings are unknown, estimates have been included. The reduction in the cash balance that occurred in September is due to the half-yearly Public Dividend Capital payment of £1.9m. The capital programme is expected to impact more in the second half year with a final dividend payment due in march offset by substantial debtor recovery as PCTs seek to achieve their cash targets.

11. Risk Rating

11.1. An indicative risk rating is shown below, based upon the Monitor methodology. There has been no change in the scores since Month 6, with the year-to-date and forecast risk ratings remaining at a score of 3. It should be noted that the Monitor methodology takes into account the overdraft facility of £11m and this helps the liquid ratio part of the rating. The NHS London approach does not take this into account and weaker liquidity ratio results although overall by the year end, a score of 3 is still predicted under either methodology.

FIGURE 8

Weighting	Metric Description	Month 8 Rating	Weighted	Forecast Year-end Rating	Weighted
10%	EBITDA achieved (% of plan)	4	**0.40**	5	**0.50**
25%	EBITDA margin (%)	3	**0.75**	3	**0.75**
20%	Return on Assets (%)	2	**0.40**	2	**0.40**
20%	I&E surplus margin (%)	3	**0.60**	3	**0.60**
25%	Liquid ratio (days)	5	**1.25**	3	**0.75**
	Overall rating		**3.40**		**3.00**

12. Balance Sheet

The balance sheet is summarised below, showing the opening, current month and year-end forecast position. The year-end forecast has been updated.

FIGURE 9

Description	As at 1st April 2008	End of Month Actual	2008/09 Year End Forecast
	£'000	£'000	£'000
Fixed Assets	**92,504**	**91,292**	**93,932**
Stock	1,230	1,390	1,266
Debtors	7,457	12,977	7,653
Debtors - Deferred Asset	24,933	24,277	23,949
Cash in hand & at Bank	2,515	2,089	3,030
Total Current Assets	**36,135**	**40,734**	**35,898**
Creditors - Revenue	11,468	15,128	11,633
Creditors - Capital	3,150	687	2,210
Total Current Liabilities	**14,618**	**15,815**	**13,843**
Net Current Assets	**21,517**	**24,919**	**22,055**
Provisions for Liabilities & Charges	**3,289**	**3,148**	**2,484**
Total Assets Employed	**110,732**	**113,062**	**113,503**
Public Dividend Capital	47,258	48,084	48,084
Revaluation Reserve	40,426	40,297	40,297
Donated Asset Reserve	1,221	1,143	1,102
Income & Expenditure Reserve	21,827	23,538	24,021
Total Capital & Reserves	**110,732**	**113,062**	**113,503**
Capital Cost Absorption Rate		**2.34%**	**3.51%**

12.1. As described previously, figures for debtors include around £1.4m in respect of uncompleted spells of patient care.

12.2. Average invoiced debtor days are currently 13 (a reduction from 15 in the previous month) against a target maximum of 30 days. The invoiced debt at the end of November represents 3.66% of the Trust's turnover (target maximum of 5%). However, the Month 8 debtor figure is skewed due to the quarterly invoicing of NHS London for all MPET training funding.

12.3. Debtors have increased over the year due largely to a change in the accounting treatment for work in progress and accruals for over-performance, which are not settled on a monthly basis. It is anticipated that the debt currently owed to the Trust will fall over the next few months, as the NHS organisations responsible for most of it need to reduce their cash balances by the year-end. Creditor levels tend to be higher than the start or the end of the year as annual cash targets need to be met. In addition creditors include deferred income in respect of Education funding from the SHA, as it relates to a future month along with the accrual of the dividend payment owing. These two items are worth £1.2m and £0.6m respectively at this point.

12.4. As at 30th November, 92.1% of NHS Creditors and 86.4% of Non-NHS Creditors were paid within the target 30 days.

13. 2008/09 Forecast Income and Expenditure

13.1. The table below summarises the forecast I&E position for 2008/09 – the result of the bottom-up forecasting process undertaken by finance/operational management, with very limited high-level adjustments. The full summary forecast is shown in Appendix 1.

Description	Forecast Year End Actual		
	Worst £'000	Likely £'000	Best £'000
NHS Clinical Income	134,736	137,205	139,284
Non NHS Clinical Income	747	747	747
All Other Non Clinical Income	25,931	25,931	25,931
Total Income	**161,414**	**163,883**	**165,962**
Pay	110,888	110,761	111,557
Non Pay	43,469	42,579	42,566
Total Expenditure	**154,357**	**153,340**	**154,123**
EBITDA	**7,057**	**10,543**	**11,839**
Plus Interest Receivable	279	319	339
Less Interest Payable	20	20	1
Less Depreciation	4,938	4,938	4,938
Less PDC Dividend	3,816	3,816	3,816
Net Surplus / (Deficit)	**(1,438)**	**2,088**	**3,423**

13.2. The broad methodology for deriving the forecast income has changed from Month 6. Detailed discussions took place with all General Managers as to the estimated activity by specialty and patient type – flexed as appropriate to give best and worst cases. This took into account the forecast for DTC activity.

13.3. For expenditure, the methodology remains as in Month 7, with the 'baseline' likely case calculated from the previous two months' actual expenditure, and adjustments made at a detailed level from meetings with operational management and budget holders.

13.4. CIP – the forecast assumes that CIP will overachieve by £0.6m at the year-end (including non-recurrent items). However, as described in Section 9 above an element of this is due to retrospective validation of savings already included in the financial position – hence there is no major change in the forecast from Month 6 due to this.

13.5. Release of Provisions – the forecast assumes that £250k will be released from provisions per month as planned plus £400k in respect of a disputed debt which was covered by the credit note provision, to reach a total of £3.4m by the end of the year. It should also be noted that whilst amounts are being released as and when they are no longer required, new provisions are being created e.g. Follow up ratios to reflect any new risks that may impact upon the Trust.

13.6. Whilst the likely case forecast is still projecting a £2m surplus, this is contingent upon activity over-performance continuing for the remainder of the year. To mitigate the risk of activity not being sustained at these levels, it remains essential to focus on the five key risks / priorities previously identified:

- **Achievement of CIP** – recurrent CIP forecast to be on target with £0.6m non-recurrent excess being forecast
- **Achievement of DTC Income Target** – as mentioned in section 6 above, DTC income is currently significantly below plan, despite agreement being reached with the Royal Free to pay £700k for Ophthalmology work. Day case and Elective work continues to be monitored weekly by the Executive Team. The value of the shortfall in the likely case is £800k, which is £100k worse than was assumed last month in the likely case.
- **Maintenance of income levels sufficiently above SLA plan to cover other targets/pressures** – in-month over-performance against SLA plans in November was low, and has been reduced still further by the requirement to reimburse PCTs for excessive follow-ups (see section 6 above).
- **Reduction of overspend on pay -** including achievement of vacancy factor. Current pay overspend is £1.55m, with agency use a significant contributory factor. The vacancy factor adjustment to budgets is not being fully met.
- **Resolution of long-standing Whittington Facilities Ltd. (WFL) debt** – the likely case forecast assumes a benefit of £442k and the best case £492k

Appendix 1 : Summary of Month 8 Forecast 2008/09

Income

Board Report rollup	Year end forecast - from summary sheet: Worst case scenario	Likely scenario	Best case scenario
Adult High Dependancy Beddays	1,951,986	2,034,065	2,113,019
Adult Intensive Care Beddays	7,232,998	7,540,400	7,828,812
Block Contract/Emergency Threshold	17,591,371	17,591,371	17,591,371
Day Cases	9,902,642	10,098,696	10,198,696
Direct Access	6,959,897	7,076,873	7,196,498
ED Attendances	5,221,507	5,497,304	5,709,966
Elective Inpatients	5,592,085	5,892,244	6,091,787
Excess Beddays	2,137,778	2,192,088	2,269,099
NICU High Dependancy Beddays	1,044,804	1,062,083	1,079,361
NICU Intensive Care Beddays	1,169,878	1,189,224	1,208,570
NICU Special Care Beddays	2,627,865	2,642,215	2,658,233
Non-Elective Inpatients	19,903,712	20,478,608	20,794,659
Other Activity	870,971	882,924	894,823
Outpatient 1st Attends	10,251,551	10,541,501	10,678,853
Outpatient Follow Ups	11,065,029	11,300,034	11,566,750
Outpatient Procedures	1,075,927	1,089,241	1,126,572
Total SLAM income	**104,600,001**	**107,108,870**	**109,007,070**
MFF @ 37.2016%	**27,088,631**	**27,797,861**	**28,314,209**
Education & Training Income	**16,453,845**	**16,453,845**	**16,453,845**
Devolved Income	**4,194,451**	**4,194,451**	**4,194,451**
Tariff + Non-Tariff less SLAM	**2,890,151**	**2,890,151**	**2,890,151**
Other Income/Accruals/Adjs	**5,937,430**	**5,937,430**	**5,937,430**
TOTAL INCOME BEFORE HIGH-LEVEL ADJUSTMENTS	**161,164,509**	**164,382,609**	**166,797,157**
High-Level Adjustments			
Adjustment to provisions based on SLA performance	250,000	-500,000	-1,000,000
Additional Ophthalmology Lists for Royal Free	0	0	165,000
TOTAL INCOME AFTER HIGH-LEVEL ADJUSTMENTS	**161,414,509**	**163,882,609**	**165,962,157**

Expenditure

	Worst case forecast	Likely forecast	Best case forecast
Diagnostics	17,629,571	17,434,461	17,541,579
Facilities	15,976,514	15,913,514	15,913,514
Finance	3,310,994	3,310,994	3,310,994
HR	2,145,178	2,143,178	2,142,178
IM&T	3,039,085	3,039,085	3,039,085
Medical education	915,527	915,527	915,527
Medicine & therapy	36,481,874	36,427,662	36,405,724
Nursing & Clinical development	3,334,864	3,334,864	3,334,864
Operations	1,655,438	1,638,348	1,610,893
Pharmacy	3,801,784	3,801,784	3,801,784
Primary Care	331,164	331,164	331,164
Planning & performance	8,446,648	8,446,648	8,446,648
Surgery & cancer	35,682,012	35,437,964	35,126,439
Women & Children	22,799,890	22,598,342	22,460,389
	155,550,543	**154,773,535**	**154,380,782**
50% Marginal Cost adjustment due to activity changes	-1,609,050	0	1,207,274
Reserves	0	0	0
Other Trust Finance	-1,122,089	-1,122,089	-1,122,089
TOTAL EXPENDITURE BEFORE HIGH-LEVEL ADJUSTMENTS	**152,819,404**	**153,651,446**	**154,465,967**
18 weeks penalty	1,700,000		
Full achievment of recurrent CIP	0	-150,000	-150,000
Potential additional WFL benefits	-142,000	-142,000	-192,000
TOTAL EXPENDITURE AFTER HIGH-LEVEL ADJUSTMENTS	**154,377,404**	**153,359,446**	**154,123,967**
Interest	-279,444	-319,444	-339,444
Depreciation	4,938,301	4,938,301	4,938,301
PDC Dividend	3,816,000	3,816,000	3,816,000
	8,474,857	**8,434,857**	**8,414,857**
NET FORECAST INCOME/EXPENDITURE POSITION 2008/09	**-1,437,752**	**2,088,306**	**3,423,333**